

## Message Text

CONFIDENTIAL

PAGE 01 KINSHA 08553 221838Z

43

ACTION AF-04

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O 221545Z SEP 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 4623

C O N F I D E N T I A L KINSHASA 8553

LIMDIS

FROM VANCE

PASS EXIM, OPIC, AID, TREASURY

E.O. 11652: GDS

TAGS: ECON, EAID, CG

SUBJECT: THIRD VANCE MISSION: ECONOMIC FINANCIAL

1. DURING MY THIRD MISSION TO ZAIRE, I HAD EXTENSIVE DISCUSSIONS WITH PRESIDENT MOBUTU, HIS SENIOR ADVISOR BISENGIMANA, THE MINISTER OF FINANCE AND THE GOVERNOR OF THE CENTRAL BANK TO SEE WHAT PROGRESS WAS BEING MADE TOWARD THE RESOLUTION OF ZAIRE'S FINANCIAL CRISIS. I PARTICULARLY EMPHASIZED THE NEED TO MAKE PAST-DUE PAYMENTS TO THE USG, TO CONTINUE AND DEEPEN THE DIALOGUE WITH THE PRIVATE BANKS AND TO GET ON WITH THE IMF STABILIZATION PROGRAM. WHILE WE HAVE A LONG WAY TO GO BEFORE WE GET OUT OF THE WOODS, I WAS IMPRESSED BY THE DEGREE TO WHICH ALL THE KEY ZAIRIAN DECISION-MAKERS NOW UNDERSTAND THE PROBLEM AND BY THE STEPS THEY ARE TAKING TO RESOLVE IT.

2. THE EMBASSY HAD ALREADY PROVIDED THE LIST OF PAYMENTS DUE EXIM, AID, CCC AND TO CHASE ON THE DOD-GUARANTEED LOAN, AS WELL ON THE EXIM GUARANTEED LOANS. BOTH THE MINISTER OF CONFIDENTIAL

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PAGE 02 KINSHA 08553 221838Z

FINANCE AND THE CENTRAL BANK GOVERNOR PROMISED ME THAT THE

DEBTS OWED DIRECTLY TO THE USG AND THE DOD GUARANTEED LOAN WOULD RECEIVE TOP PRIORITY AND THAT THEY PLANNED TO LIQUIDATE THEM AT THE RATE OF \$2 MILLION A WEEK OVER THE NEXT MONTH, BEGINNING IMMEDIATELY. THE CHARGE WILL FOLLOW UP AND INDEED TRY TO SHORTEN THE TIME FRAME. I AM CONVINCED THE GOZ WILL MAKE THEIR PAYMENTS BECAUSE ALL LEVELS UNDERSTAND VERY CLEARLY THE RELATIONSHIP TO OUR ASSISTANCE PROGRAM.

3. BISENGIMANA HAD DECIDED TO USE THE VERY INTELLIGENT AND CAPABLE MINISTER OF FINANCE TO DEAL WITH THE PROBLEM OF RESTORING THE CONFIDENCE OF THE PRIVATE BANKS AND THE BUSINESSMEN WHO HAVE BEEN, AND MUST CONTINUE FOR A MONTH OR SO, TO FINANCE IMPORTS ON INTER-COMPANY ACCOUNT. WE SAW BOFOSSA IN ACTION DURING THE IMF/IBRD MEETINGS. SINCE HE RETURNED FROM WASHINGTON HE HAS CONTINUED HIS CONTACTS IN THE BANKING AND BUSINESS COMMUNITY. I WAS PLEASED TO LEARN THAT HE HAD CALLED IN GENERAL MOTORS AND EXPLAINED TO THEM JUST HOW ZAIRE'S STABILIZATION PLAN WOULD INCLUDE AN ALLOCATION FOR GM'S FOREIGN EXCHANGE NEEDS. NEXT ON HIS LIST ARE GOODYEAR AND CIS (TO ESTABLISH A LOCAL LINE OF CREDIT). BISENGIMANA IS BEHIND THESE PROMISING MOVES, AND I BELIEVE HE HAS FOUND A WAY TO SUBMERGE HIS HITHERTO BITTER RIVALRY WITH THE CENTRAL BANK GOVERNOR. THE POINT IS THAT EVERYONE IS NOW ON BOARD WITH THE IMF PROGRAM.

4. BOFOSSA READ TO US FROM THE FIRST DRAFT OF THE STABILIZATION PROGRAM, AND IT SEEMED TO HIT ALL THE RIGHT POINTS. BISENGIMANA LATER TOLD ME HE WOULD GIVE THE CHARGE A COPY. BUT WHAT IS MORE IMPORTANT IS THAT BISENGIMANA IS DRIVING TO COMPLETE THE STABILIZATION PROGRAM BEFORE THE OCTOBER 15 DEADLINE. HE HOPES TO SEND A DELEGATION TO WASHINGTON WITH THE DRAFT SO THAT THE IMF CAN LOOK IT OVER IN ADVANCE OF THEIR ARRIVAL--"WORK IT OUT TOGETHER," AS HE PUT IT, AND TRY TO MOVE THE SCENARIO FASTER ALONG. I ENCOURAGED HIM IN THIS.

5. I HAVE SEEN THE EMBASSY'S LATEST CABLE ON RICE (KINSHASA 8500) AND CAN CONFIRM THAT THE HIGHEST LEVELS OF THE GOZ CONSIDER THIS TO BE A TOP PRIORITY.  
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PAGE 03 KINSHA 08553 221838Z

BY THE TIME I RETURN, I WOULD HOPE THAT WE HAD FOUND THE WAY TO PUT TOGETHER AN URGENT SHIPMENT. THE OTHER CRITICAL NEED IS THAT FOR PETROLEUM SUPPLIES. ZAIRE IS LOOKING FOR WAYS TO PUT TOGETHER THE BANK GUARANTEE THAT MOBIL REQUIRES, BUT EVERY DAY THAT PASSES PLACES THEIR ECONOMY IN GREATER JEOPARDY.  
WALKDER

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